APS | Australian Psychological Society

Illuminations

Special Edition on

Innovation in Organisations

About Illuminations

Illuminations is an initiative of the College of Organisational Psychologists and is aimed at creating awareness of the value and contributions being made by organisational psychologists to organisations and business across Australia and globally. Organisational psychology is the science of people at work.

Organisational psychologists analyse organisations and their people, and devise strategies to recruit, motivate, develop, change and inspire. Organisational psychologists work with organisations, teams and individual employees to improve their performance and increase effectiveness and productivity in the workplace. They strive to enhance people's wellbeing by improving their experience at work. Drawing on a scientific approach based on psychological research and tested strategies, organisational psychologists are able to provide methods that produce measurable, replicable and often more cost-effective results.

In the workplace, organisational psychologists can play a number of critical roles generally associated with employee performance, including Organisational Development (OD) Manager, Human Resource (HR) Manager, HR Consultant, Personnel Director, Learning and Development Manager, Trainer, OD Consultant, and Researcher.

Organisational psychology covers a broad range of disciplines including industrial and organisational psychology (I/O psychology), work psychology, occupational psychology, personnel psychology, human resource management and development, ergonomics, human factors, vocational psychology, managerial psychology, coaching, and consumer psychology.

Illuminations presents evidence-based articles which showcase some of the work that organisational psychologists in field are engaged in. Through a wide range of articles that include psychological test reviews, research insights, and case studies, Illuminations hopes to provide our readers with some practical tools and frameworks to help inform organisational practices around managing human behaviour at work.

Illuminations is a bi-annual e-Magazine that is freely available for circulation. The publication does not aim to promote the authors or contributors. As a not-for-profit publication, it relies on the enthusiasm and contributions of organisational psychology practitioners in the field. The views expressed within the articles should be considered the authors' and not necessarily those of the Australian Psychological Society or the College of Organisational Psychologists.

EDITOR'S CORNER

Welcome to another edition of Illuminations… and how fitting that this edition is dedicated to **Innovation in Organisations**!

Peter Drucker said, "*The enterprise that does not innovate inevitably ages and declines. And in a period of rapid change such as the present…the decline will be fast*." Innovation is *the* buzz word and everyone wants in. Just take a closer look at the values of some of the organisations that you know – most of them will have something in there about being committed to innovation and fresh thinking. In a fiercely competitive market, organisations are trying to stay one step ahead of the curve – anticipating the market needs even before they emerge.

But let's take a second to pause and think – yes we want innovation in our organisations, but what's the best way to get it? Do we go hire people with stronger aptitudes for creative thinking, run a training workshop on innovation with your employees, set incentives for new product development, or shop around for a creativity specialist? Seasoned practioners in the field will tell you…. it's really not that simple!

Innovation is a process that requires significant input and commitment from the organisation. The process of translating what starts off as a creative idea or notion into something useful that people want and need is innovation. Innovation is driven by the creative potential of people, and organisations need to understand what drives creativity and help facilitate it through its strategy, systems, leadership and culture. The other thing to keep in mind is that innovation is not just about coming up with radical new products and services – we're not all aiming to be Steve Jobs! It's inaccurate to think that you can't contribute to innovation, if you're not in the R&D team for instance. Innovation can also be about finding little things in the way you work day-to-day that can help enhance and improve the efficiency and quality of the work you do. The most common form of innovation in organisations is in fact continuous improvement.

We hope that the articles in this edition help give organisational leaders and HR/OD practitioners a better understanding of innovation and creativity and the factors that can help them flourish in organisations. Starting with what innovation in organisations look like, the articles explore the processes that promote creativity at individual and team levels, before moving on to present the fundamental enablers that drive the innovation

process in organisations. Drawing on current research, these articles provide practical tips and practices which could help enhance existing innovation strategies across organisations.

This week is also **National Psychology Week** – an initiative driven by the Australian Psychological Society, to help promote public awareness about psychology, psychological issues and the role psychologists play in enhancing community wellbeing. As organisational psychologists – our focus tends to be on enhancing wellbeing at work. This year we have an exciting series of tip sheets, events and webinars that you can get involved in to enhance wellbeing at work (be sure to have a look at the line-up of activities at the end of this edition).

Maintaining stress and wellbeing at work is an imperative for every organisation. But to be effective in our approach to managing wellbeing at work, we need to start thinking about wellbeing more holistically and consider a diverse range of organisational drivers that impact it - including leadership, culture, team environment and yes, even innovation. As human beings, we all have the innate urge to create and make something new. Good innovation practices in organisations facilitate people at all levels, to tap into their inner creativity and passion and apply it to their work; making their work more meaningful and satisfying. Engaging people through meaningful work is one of the best ways to promote wellbeing.

Happy National Psychology Week everyone!

Diya R. Dey

Editor

We would also love to hear any feedback, suggestions or follow up questions you may have regarding this issue of Illuminations or the next! Please email any feedback to illuminations.cop@gmail.com.
If you would like to subscribe to our next edition, please click here.

In this Edition

INNOVATION IN ORGANISATIONS

Innovate or die. An extreme standpoint perhaps, but it does indicate the dire consequences facing organisations that fail to innovate. Furthermore, the importance of innovation to organisational survival and longevity is evidenced by innovation, or a derivative of it, appearing as a core value or as a part of company vision and mission statements. However, innovation still tends to receive a whole heap of lip service. That is, there is a lot of talk about the importance of innovation but not a lot of serious action to ensure innovation is fully embraced within organisations.

TYPES OF INNOVATION

Innovation is more than just new products and flashy designs.

- **Product innovation** - new and better products that your organisation can provide to customers.

- **Service innovation** - new and better service offerings and delivery of those services to customers.

- **Process innovation** - better ways of doing things that save time and/or money.

- **Business model innovation** - improving the way your organisation creates, delivers and extracts value from customers.

- **Organisational innovation** - improving the way you manage and engage your employees.

- **Brand and communication innovation** - new and better ways of representing your organisation.

Indeed, it can be quite overwhelming to know where to start. There is a whole heap of fluff that exists in the innovation arena, but thankfully there is also a large body of evidence informing us of the best approach to embed innovation in organisations. According to this research there are some fundamental areas that must be attended to if companies are serious about innovation. These areas fall under three major clusters: Structure, Leadership, and People.

STRUCTURE

When it comes to innovation, people sometimes think that an unstructured approach is best; that structure will impede creativity and limit the extent to which new possibilities are explored. However, organisations need structures in place to effectively drive innovation.

One critical element of structure is a well-defined innovation process. A rigorous innovation process ensures that all ideas are captured, assessed, and progressed without discounting worthy ideas. An end-to-end innovation process starts with identifying the types of problems and challenges that are most relevant to the organisation, generating solutions to these challenges, effectively deciding which ideas to progress, prototyping and piloting ideas, implementation of ideas, and finally the evaluation of the success of the innovation.

Two common problems are prevalent when it comes to typical innovation processes in organisations. First, a number of companies get it wrong by launching straight into idea generation as the first stage of the process. For example, "blue-sky" workshops may be rolled out where employees are instructed that the sky is the limit with their thinking. However, the problem with this approach is that ideas may take people off on unhelpful tangents. Both novelty and utility are essential ingredients to a creative idea; therefore, ideas that do not align with strategy are not all that useful and end up being a waste of employee energy and effort. Instead, companies should begin their innovation process by clearly identifying the critical problems or challenges facing the organisation, or what opportunities would be most beneficial to

capitalise on. Thereby, employee's energy becomes focused and targeted to worthwhile ideas and solutions.

An extreme example of this in practice is Unilever's open innovation portal in which they publicly post their innovation needs. Clearly defining what challenges they wish to overcome ensures that innovation efforts of employees, and in this case people outside the organisation, are directly aligned with the innovation strategy of the company.

The second major problem in typical innovation processes is the way organisations evaluate ideas. More often than not, when an idea is presented, decision-makers request to see evidence that the idea will be successful in the form of a business plan. However, business plans are only effective when we can accurately predict and measure the future. The more disruptive the innovation, the more irrelevant business plans become. At idea inception, predictions of costs and revenue remain completely speculative. For example, the innovation may break into new markets the organisation has had limited experience in, or the innovation may capitalise on new emerging technology that has not yet been widely adopted. Instead, organisations should place more evaluative weighting on evidence of idea success in the form of real-world assumption testing and experimentation, rapid learning cycles, and multiple refinements at the prototyping stage.

- **Incremental Innovation** - smaller scale changes such as tweaks and improvements to existing products or processes
- **Disruptive Innovation** - larger scale change that become industry or worldwide game-changers

Deloitte Digital is a great example of an organisation throwing out the business case mentality when it comes to evaluating new ideas. Ideas with potential are provided with a "seed investment" to develop a prototype and test the idea within a specific time frame. If the idea demonstrates legs then further investment is provided to get it closer to a market ready level.

LEADERSHIP

When thinking about driving innovation, people often speak of a top-down or a bottom-up approach. Although there is evidence where pockets of innovation have flourished in organisations, reminiscent of a grass-roots phenomenon, research conclusively

demonstrates that to drive real transformational change, innovation must be top-down.

Clayton Christensen, Jeffrey Dyer, and Hal Gregerson, studied over 6,000 executives across 6 years to understand what contributed to innovation in organisations. Two major findings emerged. First, the senior executives of the most innovative companies were innovators themselves. That is, they felt it was their personal responsibility to innovate. Second, these leaders demonstrated 50% more "discovery" skills compared to leaders of less innovative companies. These discovery skills included the ability to connect seemingly unrelated concepts together, regularly question and challenge the status quo, observation, experimentation and testing, and interacting with diverse people. Therefore, the innovative success of an organisation is largely determined by senior executives leading by example.

One important element within the leadership cluster is climate. Leaders play a crucial role in driving a climate that supports innovation. A meta-analysis conducted in 2007 identified 13 key drivers of an innovative climate. The strongest factors included positive interpersonal interaction, intellectual stimulation, and

challenge. Positive interpersonal interactions described the perception of a strong sense of cohesion within peer groups and a lack of disruptive internal politics. Furthermore, the existence of intellectual stimulation in which the lively debate and discussion of ideas is encouraged was also found to be critical for innovation. Finally, when adequate challenge, complexity, and interest was present in employee's roles, innovation thrived. Leaders should ensure that these environmental and job-related aspects are present in the workplace as foundations of building a climate for innovation.

People

Without people there would be no ideas, which bring us to the final cluster to consider when driving innovation: People. One element of unlocking the innovative potential of employees is to ensure that employees are trained in the skills and behaviours that support innovation. When it comes to building employee innovation capability, a common misconception is that you are either born a

great innovator or you are not. However, research has demonstrated that innovation is just like any other work competency; with the right tools, training, and knowledge, anyone can improve their ability to innovate. That is, the skills critical for innovation can be cultivated, including the all important discovery skills identified as essential for senior leaders in the previous section. If organisations are serious about innovation then they need to be serious about building employee capability in this area.

The highly malleable nature of innovation and creativity has been demonstrated in many studies. In particular,

(1) the type of environment we expose ourselves to can significantly increase our creative performance
(2) we can prime ourselves to become significantly more innovative
(3) structuring workshops or meetings in a particular way significantly improves the output of groups in terms of a higher quantity and diversity of ideas, and
(4) The introduction of well-crafted stimulus can boost idea generation.

Therefore, there are loads of practical tools and tips to increase innovation at the individual and group level.

One such tool is based on the common finding that the more diverse an individual's knowledge and experience, the greater their potential to generate innovative solutions. Therefore, one tip to boost innovation is to expose yourself to a range of varied and interesting pieces of information. This tool can be used strategically to fill the knowledge gaps of individuals. For example, a few years ago, a client of ours wanted to come up with innovations to be implemented in 10 years time. We identified that emerging technologies would be important for the types of innovative solutions the client sought; however, the people involved in the idea generation session were far from technology experts. So, we sourced a whole heap of one-page articles describing all the new and interesting cutting-edge technologies at that time, such as 3D printing and RFIDs. During the idea generation workshop individuals were instructed to read a number of these articles and, with their new knowledge, force a connection back to the business challenge. The outcome of the session was a stack of really technology-savvy and innovative ideas. This is one example of many different tools that can be introduced in idea generation sessions to really crack open possibilities.

In sum, innovation provides organisations a competitive edge, which makes embedding innovation so important. A few areas to consider are: ensure that a well-defined innovation process exists, create the conditions that support a climate for innovation, and build capability so that employees possess the skills and behaviours essential for innovation.

Shelley Logan

(shelley@inventium.com.au)

Shelley is an innovation consultant at Inventium, a science-based innovation consultancy based in Melbourne. Having completed her Doctorate of Organisational Psychology, Shelley is passionate about bridging the gap between science and organisational practice. In her spare time she likes to kitesurf or plan her next travelling adventure.

REFERENCES:

- Christensen, C., Dyer, J., & Gregerson, H. (2011). The Innovator's DNA: Mastering the five skills of disruptive innovators. Boston: Mass, Harvard Business Press.

- Hunter, S. T., Bedell, K. E., & Mumford, M. D. (2007). Climate for Creativity: A Quantitative Review. Creativity Research Journal, 19(1), 69-90.

Heart of Innovation:
A Creative Breakthrough

Innovation is critical to maintaining competitive advantage in organisations today. Organisations are now, more than ever before looking for ways to promote innovation at every part of the organisation, encouraging every group and every individual to come up with new ideas.

Creativity is at the very heart of innovation – its where the ideas begin to take shape. Every individual has the untapped potential to be creative and it is imperative for organisations to recognise and promote that. This article takes a closer look at creativity both at an individual and a team level and how it can be enhanced within organisations.

Understanding Creativity

Creativity is not just about generating new ideas. Sternberg and Lubart (1999) define creativity as *"the ability to produce work that is both novel (i.e., original, unexpected) and appropriate (i.e., useful, adaptive concerning task constraints)"* (p. 3). In traditional psychological terms, creativity involves two very distinct aspects:

- **Originality** – A creative idea is something novel, something new, which has never been conceived before.
- **Functionality** – Being creative for the sake of creativity is a risk many fall into. For an idea to be truly creative, it needs to be useful – it needs to meet some functional or adaptive need.

While creativity is the generation of new and productive ideas, innovation is the process through which these ideas are implemented successfully within organisations as new products, activities or accepted processes for a new ways of doing things (Amabile, 1996).
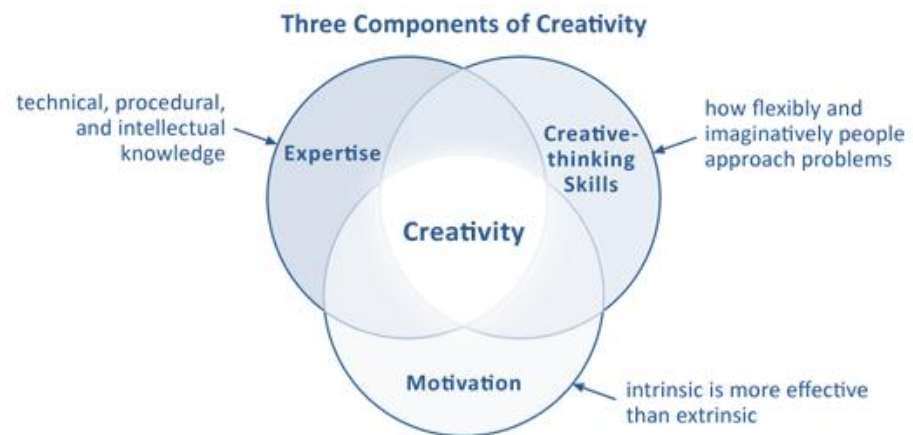
Another key point of difference is that creativity is essentially an individual level or group/team level phenomenon. It involves psycho-social processes of problem-solving and generating solutions for implementation. Innovation on the other hand, is process driven and operates at a systems level. One individual or a team within an organisation working creatively cannot be termed as innovation. It would only become innovation if these individuals or teams worked collaboratively across the organisation to create a

new collective way of doing things. Creative collaboration underpins successful organisational innovation (de Souza, Pellissier & Monteiro, 2012).

Creativity in Individual Employees

What are the key components that creativity in an individual employee? Creativity amongst individuals is essentially a function of three components: expertise, creative-thinking skills and motivation (Amabile, 1996 & 1998).

Managers often think that creativity refers to the cognitive process through which they process information, including their ability to problem solve, think on their feet, be open to new ideas, etc. Creative thinking skills are important for creativity – but equally important are two other aspects - expertise and motivation.

Three Components of Creativity

technical, procedural, and intellectual knowledge → Expertise

Creative-thinking Skills ← how flexibly and imaginatively people approach problems

Creativity

Motivation ← intrinsic is more effective than extrinsic

- **Expertise** – Expertise encompasses everything that person knows and can do in the broad domain of his or her work. This could be acquired through formal education, practical experience or interaction with other professionals. Organisations can facilitate a continuation of this skill acquisition process by providing extensive learning and development opportunities which may often involve on-the-job activities like mentoring, shadowing, or cross functional projects.

- **Creative thinking skills** – As noted earlier, creative thinking skills refer to how people approach problems and solutions – their capacity to put existing ideas together in new combination. The skill itself depends quite a bit on personality as well as on how a person thinks and works. While creative thinking skills are often assumed to be innate and part of the unconscious cognitive process, creative thinking skills can also be learned through conscious training and practice. Creativity

can be enhanced if people are regularly challenged to approach problems and generate solutions in their day-to-day work using problem solving and creative thinking skills.

- **Motivation** - Motivation drives whether or not people actually do something with their expertise and creative thinking skills and apply it to coming up with unique ideas. There is clear evidence to show that extrinsic motivation such as monetary benefits, rewards, etc are only effective at driving behaviour to some extent. True motivation however is intrinsic – a person's internal desire to do something that is driven out of passion, interest and commitment. This is often a trigger for creativity. Organisations have a significant opportunity to influence motivation amongst individuals by creating the right environment that encourages employees to perform at their creative best.

ENHANCING CREATIVITY:
ORGANISATIONAL PRACTICES THAT HELP

If expertise, creative thinking skills and motivation are the core components of creativity in an individual – what can organisations do to promote this process? In her seminal article "*How to Kill Creativity*" published in the Harvard Business Review (1998), Therese Amabile identified a few proven strategies for organisations to help promote creativity and address systemic factors that are known to stifle the drive to be creative.

- **Challenge** - Of all the things that managers can do to stimulate creativity is to match people with jobs that challenge people to utilise their expertise and their skills in creative thinking, and ignite intrinsic motivation. However, setting the right level of challenge is crucial. Too little challenge can leave people feeling bored and disengaged; but too much challenge can leave people feel overwhelmed and anxious.

- **Freedom** - The key to creativity is giving people autonomy. While it is important to set clear goals for people to achieve, it is also important to let them choose *how* they achieve it. People are likely to be more creative if we give them freedom to decide how they would like to approach their tasks.

- **Resources** - The two main resources that affect creativity are time and money. When it comes to a project, we must determine the funding, people and other resources that a team legitimately needs to complete the task. Appropriate resources available will help the team members to use their creative

thinking skill on how to finish the task in the most effective way.

- **Work-group Features** - If you want to build teams that come up with creative ideas, you must pay careful attention to the design of such teams. We must create teams that are mutually supportive and include a diversity of perspectives and backgrounds. When a team consist of various intellectual foundations and approaches to work, ideas often combine and combust in exciting and useful ways.

- **Supervisory Encouragement** - Most managers and supervisors can encourage creativity by offering due recognition and credit to their team members. Managers can also support creativity by serving as a role model, persevering through tough problem, as well as encouraging trust, collaboration and communication within the team.

- **Organisational Support** - Encouragement from supervisors certainly fosters creativity, but creativity is truly enhanced when the entire organisation supports it. Organisational leaders must put in place appropriate systems or procedures that value and recognise creative contributions. Lack of transparency around how creative contributions are recognised and utilised can result in people can feel used, or at the least under-appreciated, for their creative efforts.

Enhancing the Creative Potential of Groups

Individuals in organisations do not work in isolation. The group dynamic and group processes are traditionally thought to hamper creativity in individuals. But in reality, it can in fact enhance the creative potential of individuals. For example, evidence shows that individuals who are creative, often tend to overestimate the potential value or usefulness of their ideas in the absence of the opportunity to socialise their ideas (de Dreu, Nijstad, Bechtoldt, & Baas, 2011). By using the dynamics of the group, creativity can be further enhanced and tested for application in readiness for implementation as an innovation at the organisational level.

Establishing a Group/Team Creative Thinking Process

Most of us are familiar with the creative thinking process that leads to the proverbial 'aha' lightbulb moment where an idea emerges.

The classic model presented by Wallas in 1926 – Preparation, Incubation, Illumination and Verification is still valid today, although there are more elaborate and prescriptive models available today like the Osborn-Parnes CPS approach or Basadur's Simplex Model for creative problem solving. Adopting such a process as the way in which a group or a team chooses to problem solve or address issues is often a great starting point. The steps involved in Basadur's Simplex Model for instance are listed here as an example (as cited in de Souza, et al., 2012).

BASADUR's SIMPLEX MODEL		
Step 1: Problem Formulation	Problem Finding	Identifying opportunities for improvement within the organisation or the market.
	Fact Finding	Researching facts about the issues, consulting with others, looking for evidence about the problem
	Problem Definition	Evolving a clear definition of the actual problem, which may be different from the original idea proposed
Step 2: Solution Formulation	Idea Finding	Generating divergent ideas and exploring different options suspending criticism or judgement at this stage (remember, a great idea can come from two unrealistic ideas – so welcome all ideas into the mix)
	Evaluate & Select	Bringing all ideas together and going through a critical process of road-testing options, involving healthy debate and discussion to select a handful of ideas worth implementing (use a parking lot for ideas not selected as priorities)
Step 3: Solution Implementation	Plan	Generation of ideas for implementing the solutions into actions – develop a concrete action plan
	Acceptance	A new idea may need the buy-in from others outside the group/team to be successful – it is important to consult widely at this stage and inform and coach others on the new plan
	Action	Taking the action is the final stage. This should ideally involve a follow up process in time to reflect and evaluate the idea and the implementation. This facilitates a continuous improvement process which leads back to step 1

Application to cross-functional project teams - Such a model can be quite effective in facilitating cross-functional project teams

as well. Taking a structured and disciplined approach can often help set clear guidelines for the team and how they work. The divergent thinking (exploring multiple options, no matter how left field) and convergent thinking processes (narrowing down options by combining or recognising patterns amongst multiple options) that a model like this uses, can be highly effective in making the most of the diversity in skills an experiences that members of a cross-functional team bring.

Using the Diversity within the Team

It is a common misnomer that in order to enhance innovation in a team, you need to hire more creative team members. Highly creative individuals are often prone to focus on the idea generation phase and ignore the evaluation, and implementation phase. To facilitate creative thinking and innovation within a team, it is important to balance creative team members with others who have the skills to assess, sell, adopt and implement the ideas raised (de Souza, et al., 2012). The success here lies in being able to identify the strengths in each individual and maximising their application by involving them at the right phase of the creativity process.

Creating clarity around roles within a team can often help the group's creative thinking process. For instance, using an activity like de Bono's *Six Thinking Hats* for instance can help individuals from holding back their own ideas and opinions (and preventing the tendency to engage in groupthink, i.e. going the way the majority goes). Each team member is assigned a hat which requires them to play a very distinct role in the process. The table below shows an example of how such a process can work.

Hat	Function	Example
White	Information	Asking for information from others
Black	Judgement	Playing the devil's advocate – explaining why something will not work
Green	Creativity	Offering possibilities/ideas
Red	Intuition	Explaining hunches, feelings, gut senses (this can often have something to do with legacy issues around organisations)
Yellow	Optimism	Being encouraging, supportive and enthusiastic
Blue	Thinking	Using rationalism, logic and intellect

(Source: Reisman & Hartz, 2010)

It is not necessary to run such an exercise with groups where team roles are already well established, but it is useful to use such a framework to ensure that all roles are being considered and given due relevance. In newly established teams, such an activity (or a variation of the same) could be quite beneficial.

From Individual to Group Level Motivation

One of the significant advantages of having well-established group creative thinking process, is often the shift in motivation that individuals go through. Groups that work collaboratively over time tend to start developing a close alignment between their personal and shared motivators. The development of shared or collective motivation is known as pro-social motivation (de Drue, et al., 2011). Teams start prioritising team outcomes and this becomes a powerful motivation for all members to engage in creativity and innovation. Teams also develop a stronger epistemic motivation which essentially drives team members to systematically process and disseminate information. This results in more open communication and trust – both of which are essential for creativity and innovation to thrive in groups.

-   **Eloise Tan**
(eloisetan_78@yahoo.com.au)

Eloise works as an internal HR Consultant at a large retail organisation. She is passionate about enabling the organisation to bring out the best their people can offer. In her current role, Eloise works closely with leaders, teams and individuals while also advising the HR team on strategic projects and initiatives.

REFERENCES

- Amabile, T. M. (1998). How to kill creativity (pp. 77-87). Harvard Business School Publishing.

- Amabile, T. M. (1996). Creativity and innovation in organizations (pp. 1-15). Harvard Business School.

- de Sousa, F. C., Pellissier, R., & Monteiro, I. P. (2012). Creativity, innovation and collaborative organizations. The International Journal of Organizational Innovation, 26.

- Reisman, F. K., & Hartz, T. A. (2010). Crafting a Culture of Creativity and Innovation. The Talent Management Handbook: Creating a Sustainable Competitive Advantage by Selecting, Developing, and Promoting the Best People.

- Sternberg, R. J., & Lubart, T. I. (1999). The concept of creativity: Prospects and paradigms. Handbook of creativity, 1, 3-15.

Enabling Innovation across the Organisation

Innovation in organisations is today well established as a deliberate process which takes an idea from conception to realisation into a useable and applied product or way of doing things. Innovation, has been defined as "the intentional introduction and application within a role, group or organisation of ideas, processes, products or procedures, new to the relevant unit of adoption, designed to significantly benefit the individual, the group, the organisation or wider society" (West & Farr, 1990, p. 9).

Innovation often requires more than just a good idea. It requires an organisation to go beyond just problem solving and engage with a series of organisational 'barriers' which often include the practicalities of implementing the idea across the organisation – resource allocation, managing perceptions of stakeholders, navigating organisational politics and the tendency for individuals to embrace change (de Dreu, Nijstad, Bechtoldt & Baas, 2011). Even those who enjoy the creative process and love coming up with new ideas can struggle when it comes to regularising and normalising an innovation as a part of business as usual.

The 3M Post-it Note Innovation

The 3M Post-it Note story is a great example of the extra effort that innovation requires. In 1968, Dr. Spencer Silver, a chemist at 3M in the United States, was attempting to develop a super-strong adhesive, but instead he accidentally created a "low-tack", reusable, pressure-sensitive adhesive. For five years, Silver promoted his invention within 3M, both informally and through seminars, but without much success.

In 1974, a colleague of his, Art Fry, who had attended one of Silver's seminars, came up with the idea of using the adhesive to anchor his bookmark in the hymnbooks at his church service. Fry then developed the idea and worked with the management at 3M to start producing the product commercially. Initially launched in 1977 in stores across four cities under the name "Press 'n Peel" had disappointing results. But a year later, in 1978, 3M carried out some further market testing by issuing free samples to residents of Boise, Idaho, and 94% of the people who tried them said that they would buy the product. On April 6, 1980, the product debuted in US stores as "Post-It Notes" and went on to become one of the biggest innovations in office supplies since paper clips were invented.

Innovation in organisations is a multilevel process. For an idea proposed at an individual employee or team level to be realised into an organisational level innovation requires a wide range of enablers being in place across the organisation to facilitate this. There is a significant amount of research that lists a wide range of enablers of innovation, but it is important to look at these enablers in a systemic way and understand the way these enablers interact with each other to promote innovation.

A Multi-level View of Innovation Enablers
(Sun, Wong, Zhao & Yam, 2012)
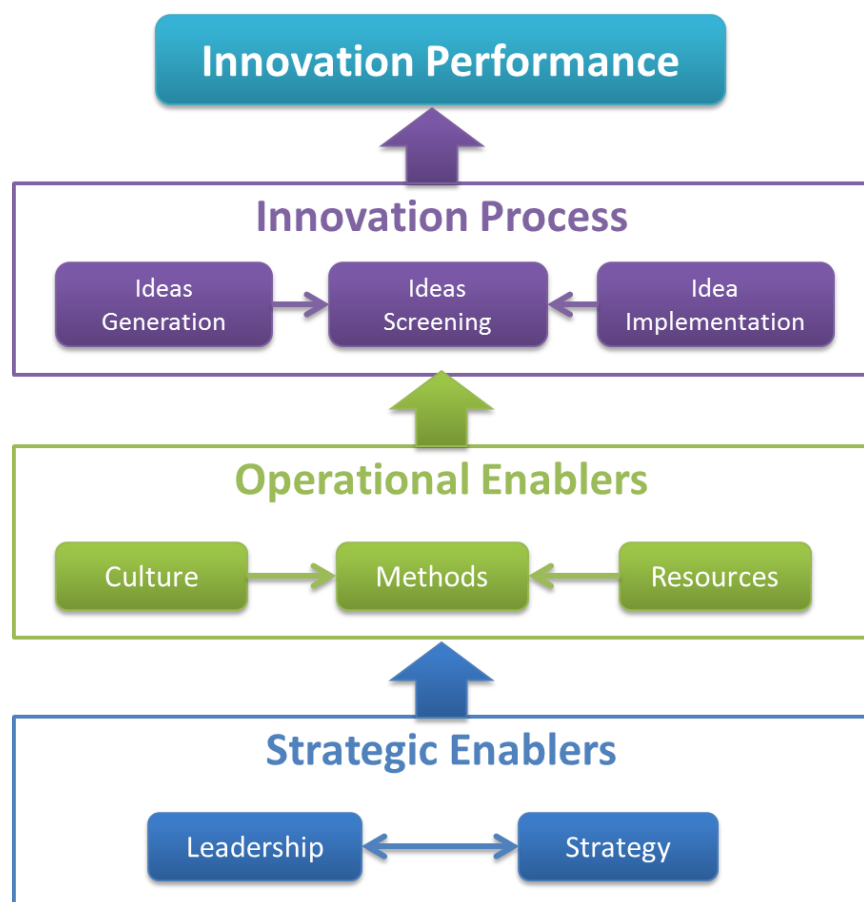
Strategic Enablers

• **Strategy** - There has to be a commitment from the organisation to adopt and promote innovation as a core business strategy. As a business, there needs to be a clear focus on defining the need for innovation as well as the practical parameters which need to guide the innovation process.

o **Leadership** - The strategic focus needs to be understood, embraced and encouraged by senior leaders within the business through appropriate role modelling, risk taking and sponsorship of ideas raised from within the organisation.

Operational Enablers

- **Methods** - Having a strategy on paper is not enough. To truly facilitate innovation across the organisation, it is important to have the right methods, systems and processes to enable innovation to take place. This could include processes for…

  o regularly tapping into innovative ideas raised at a team level and exploring them for financial and commercial viability
  o establishing cross-functional communication mechanisms and feedback loops to share and disseminate information
  o adapting role definitions to require active participation in innovation processes as a key performance indicator
  o allowing for cross-functional project teams and collaboration

- **Resources** – No amount of systems and processes can work effectively without the necessary resource inputs – be it time, effort, or money. Without the right resources, systems and processes can often negate the innovation process and create frustrations amongst employees, making them less inclined to commit to participating in innovations. Sentiments such as "what's the use? It goes nowhere" signal dissatisfaction and disengagement amongst the troops. A lack of resources to support innovation is also very often linked back to a perceived absence of real commitment from organisational leaders to promote innovation across the organisation.

- **Culture** – Culture is the unstated environment that guides our behaviour at work. It includes the deep rooted values, beliefs and assumptions that are held by the organisation. Very often, an organisation's culture is not aligned to its strategic focus and serves to inhibit effective implementation of the strategy. For instance, if the predominant culture within an organisation is to view participation in innovative projects as 'extra-curricular' or opportunities for slacking off on the 'real' job, then it is likely,

that individuals will consider their decisions to participate in such processes quite carefully. Employees are often conscious of being tagged unfavourably by their managers and peers and this inhibits their open participation in innovation. Management behaviours can play a significant role here to help shift the culture to be more supportive of innovative behaviours and ventures.

Innovation Process

- **Idea Generation** – Innovation also builds upon and feeds off effective team dynamics and processes. Teams that have processes set up that encourage them to engage in creative thinking and the generation of an abundance of ideas are more likely to engage in and contribute towards innovation. Groups that encourage and respect diversity of skills and opinions, have a high degree of trust and openly engage in sharing and disseminating information amongst each other, are better at problem solving and generating more ideas and solutions.

- **Ideas Screening** – Screening of ideas involves the selection of a few ideas from a collection of many. It often involves the convergence of multiple ideas to form the emergence of more efficient and practical ideas. This process is critical to ensure that only the best (or most practical) ideas are selected for further development. A team's decision making ability and level of conflict or cohesion have a big part to play here. For decisions to be well tested and validated, a healthy degree of conflict in opinions is necessary. This can be promoted by paying attention to the team composition - diversity of skills and backgrounds in the team, the right mix and the right number of members in a team.

- **Idea Implementation** – The final enabler is that of idea implementation or translating the ideas into action plans. This is where a team manager's ability to promote and represent the ideas generated by their team can really have a strong effect. Teams often require resources and cooperation outside their own team to help realise their ideas and transform them into

innovations. A team's ability to manage and influence their key stakeholders and encourage collaborative efforts from their counterparts is the key to idea implementation. Effective team managers help promote the team's ideas by connecting these ideas to the appropriate channels for approval while also securing the necessary support for idea implementation.

All these factors collectively enable innovation at multiple levels across organisations. What is important to remember is that these factors do interact with each other and are dependent on one another. So it's not very effective to improve one aspect and not the others. For innovation to thrive it is important for all the components to fit together and work in sync.

BUILDING A CULTURE OF INNOVATION:
THE ROLE OF LEADERSHIP

Culture is an important driver of innovation in organisations. It can either help facilitate innovation to really thrive or inhibit it. Research has continually identified and emphasised the role of Leadership in creating a culture that supports and promotes innovation and at all levels. According to Hunter and Cushenbery (2011), leadership can play both a direct and indirect influence on the culture within the organisation. These influences are discussed below.

Direct influences of Leadership

While the role of leaders can often be to facilitate innovation within the organisation, it does not mean that they need to take a backseat in terms of actively having input into the innovation process. There are several opportunities for leaders to direct and shape the innovation process in an organisation, including:

- **Making Active Creative Contributions** – Many leaders have a strong creative talent and urge and are actively engaged in having creative inputs and suggestions to the innovation process. Leaders with high levels of creativity are often self-starters who quickly develop a high degree of comfort and skill in leading new ventures. Their skills also make them good at guiding others through the innovation process. Creative and innovative ventures at Apple for instance were frequently shaped by Steve Jobs through his

creative instincts. However it is also important for leaders not to control the innovation process too much. This could inhibit others in the organisation from sharing their own creative inputs and challenging the ideas suggested by the leader.

- **Setting a Clear Vision and Strategy** – The clarity of the vision and direction set by leadership can often help influence the innovation process. Leaders who are skilled at setting the desired outcomes of the innovation process up-front, experience better innovation outputs. It follows the simple principle – the more clearly you define the problem, the better your chances are at succeeding on achieving the end result. However, interestingly enough, you can have too much of a good thing! Research shows that having a very clear outcome can inhibit others from exercising their creative thinking processes more widely and engaging in alternative routes to achieving success. There is also evidence that indicates that while leaders need to have a clear vision, they also need to have enough flexibility to adapt their vision as the innovation process proceeds. Innovative ideas often evolve over time and it is important for leaders to be able to remain open to emergent proposals and seize them as they present themselves.

- **Resource Allocation** – One of the clearest indicators of the key priorities for leadership are derived through an analysis of where and how they allocate their resources. Leaders need to back their commitments to innovation with resourcing and funding. This is especially true during times when the economy is in a state of flux. Recent research on innovation trends during the global recession period found that companies that continued investing in innovation despite the recession and financial risks, made a better recovery post the recession. Realistically speaking, this can be quite a risky and confronting issue for leaders – because after all, their primary focus should be on maintaining a stable bottom line. The key here is to be critical in selecting the areas of innovation and

being selective about where the investment goes. It may involve cutting down from 6 projects to turn the focus on one or two projects which show the highest promise and potential. This reduces the risk and the investment while not shunting the innovation process completely.

- **Decision Making** – In most organisations, the leaders have the final say on what gets implemented and what doesn't, what gets to the market and what gets held back and so on. Leaders in organisations often play the role of the film editor – making the necessary cuts and stitching the final story together. Thus decision making is a key way in which leaders influence the innovation process. One of the important skills required for good decision making in this regard is being able to look ahead and imagine the possibilities and anticipate market trends. This can be a challenging experience for leaders and again requires openness to a degree of risk. There is no one formula here and leaders develop this capability through their own experience and creative instincts.

Indirect Influences of Leadership

Leadership behaviours often influence the culture and environment of the organisation – which is critical for fostering innovation and creativity. Their unconscious behaviours often have a significant impact on creating a culture of innovation. There are several ways in which leaders can indirectly influence and shape the innovation and creative potential of organisations, including

- **Role Modelling** – The age old lead by example holds true for fostering innovation. As human beings, we learn by observing others. We select a role model by following their actions and consequences and then try to replicate our behaviours accordingly in the hope for receiving similar outcomes. In organisations, the leader is often the role model by default. Their position of authority makes them someone people automatically look up to for cues on how to behave, what is acceptable and what isn't. Interestingly, studies have found that people have a stronger affinity to select unconventional leaders who are open to taking risks as role models. Such leaders can challenge our assumptions and broaden our perspectives. It encourages people in organisations to think more laterally and more creatively about possibilities. Google's founders and then CEOs for example were often found to be hopping around the Googleplex wearing jumpshoes and capes while conversing with employees. The same outcomes can be achieved through more subtle behaviours – but it needs to be

authentic to who you are as a leader and go beyond being gimmicky!

- **Rewards and Recognition** – People pay attention to what leaders value, reward and recognise. As with following a role model, we replicate behaviours that we see others rewarded and recognised for and avoid those that lead to unpleasant consequences. It is common practice for leaders to recognise successful innovations and celebrate them. However, encouraging innovation and creativity and establishing an environment that fosters the same requires leaders to go beyond recognising successes to recognising failures as well. This is because failure is an integral part of innovation. Think about some of the most famous quotes on innovation - "*I have not failed. I've just found 10,000 ways that won't work.*"— *Thomas Edison* or more recently "*The way to succeed is to double your failure rate.*" — *IBM founder Thomas J. Watson, Sr.* Statistics show that 19 out of 20 innovations eventually fail – so rewarding and recognising creativity and innovation based on the success of ventures can prevent people from taking a bit of risk and thinking left field. It is important for leaders to instead recognise genuine and valid *attempts* for innovation. Some innovations may also become successful in time as a market opens up for it. It is important for leaders to maintain a long term perspective on innovation and recognise good ideas which may not have quite hit the mark but may still be of value in future.

- **Hiring and Composition** – One of the key ways in which leaders have an indirect impact on innovation within the organisation depends on their ability to select and hire the right skills and mix of expertise. Once again, this can be a bit of a dilemma for leaders. At the current rate of progress, things change so rapidly that it is difficult to anticipate and plan for the necessary skills that may be required for a hypothetical future product or innovation. So sometimes, you need hire people with skills and potential even before there is an explicit role for them to play. This can come down to creative instincts and risk appetites of leaders. But the pay-offs can be quite significant. For example Google is known to have hired a team of voice recognition software engineers without quite knowing how to utilise them. But when the market presented the opportunity of voice recognition software being used in smartphones, Google was ready to capitalise and dominate the market. Leaders also need to be mindful of the mix or balance of skills within their teams. While diversity encourages creative thinking, too diverse a team could have difficulties interacting

with each other effectively. Furthermore, like the proverbial 'too many cooks spoil the broth', having too many members in an innovation team can inhibit the group from being able to successfully tap into opinions and inputs from everyone.

- **Establishing a Creative Environment** – Let's face it. Our environment has a huge impact on how we work and what we do. Leaders have the opportunity to create a supportive environment that encourages lateral thinking and inspires creativity. Giving people the autonomy to shape the physical environment they work in, personalise it to what works for them is a great way to encourage creativity and innovation. Some offices allow employees to decorate their working space however they want. Even a simple shift in the physical working environment like moving to an open plan office can encourage more opportunities for collaborating on innovative projects, give employees better access to leaders and creative role models and even offer better chances of identifying and

Life inside the Googleplex......

capitalising on a really great idea shared in passing (perhaps even as a joke)! Leaders can also influence the psychological working environment by giving more latitude to employees on how they approach their own work. For instance, Google and 3M give their employees a proportion of their time at work to do whatever they want. The result can be quite amazing. Google's practice of allowing employees up to one day a week for pursuing their creative interests have seen the rise of innovative products and applications being developed – like Gmail!

Innovation is not a quick-fix solution to the problems of an organisation. While it is true, that organisations need to innovate to remain current and profitable, building an innovation process requires time, commitment and incremental shifts in the culture. Leaders need to be genuine in their attempts at driving innovation at all levels and be conscious of how their own behaviours and actions shape and influence innovation.

- **Diya R. Dey**
(ddey@fbggroup.com.au)

A registered psychologist with a strong background in organisational psychology Diya works as a Consultant at FBG Group. She works with organisations to help them find solutions to their people & business challenges using a strong, evidence based approach. As the Editor of Illuminations, Diya is also passionate about sharing the positive impact that organisational psychologists are making across organisations every single day.

REFERENCES

• de Dreu, C. K., Nijstad, B. A., Bechtoldt, M. N., & Baas, M. (2011). Group creativity and innovation: A motivated information processing perspective. *Psychology of Aesthetics, Creativity, and the Arts*, *5*(1), 81.

• Hunter, S. T., & Cushenbery, L. (2011). Leading for Innovation Direct and Indirect Influences. Advances in Developing Human Resources, 13(3), 248-265.

• Sun, H., Wong, S. Y., Zhao, Y., & Yam, R. (2012). A systematic model for assessing innovation competence of Hong Kong/China manufacturing companies: A case study. Journal of Engineering and Technology Management.

• West, M. A., & Farr, J. L. (1990). Innovation and creativity at work: Psychological and organizational strategies. John Wiley & Sons.

NATIONAL PSYCHOLOGY WEEK (NPW) aims to increase public awareness about psychology, psychological issues and the role psychologists play in enhancing wellbeing in the broader community.

To assist organisations enhance wellbeing at work, psychologists from the **APS College of Organisational Psychologists (COP)** will be involved in multiple activities during NPW, including running events and hosting free educational and corporate webinars, distributing and promoting a number of information sheets on a range of workplace issues as well as offering strategies and suggestions through media releases over the week.

NPW has something for everyone... See how you can join us in celebrating NPW!

Tip-sheets

Tip-sheets are just that – short, succinct, helpful pieces of information about how to enhance, grow or better understand wellbeing in the workplace. Tip-sheets are free and cover a range of topics to help ensure people are safe and healthy in their work by managing stress more effectively.

To download your free copy, please click on the links below:

• *Promoting wellbeing at work – organisational strategies that can help* (http://bit.ly/ZaVLjV)
• *Using positive psychology to manage workplace stress* (http://bit.ly/PT8vLH)
• *Promoting the wellbeing of others at work – strategies for managers and supervisors* (http://bit.ly/R3Nyu9)
• *Managing the workforce and maintaining engagement during an economic downturn* (http://bit.ly/PT8vLH)

Events & Free Webinars

There are a range of interactive events and webinars happening this week. These events and webinars are an opportunity to meet with and interact with organisational psychologists who are passionate about sharing information and ideas on helping people be well in their workplace.

• **Corporate Webinar**: "Psychological Injury - The Failure of Leadership?"& "When the Wheels Fall Off"
  When: *15th November - 12:00pm - 01:00pm*
  Click here to find out more: http://www.psychologyweek.com.au/EventView.aspx?ID=2128

• **Student Webinar**: Pathways to a great career in Organisational Psychology.
  When: *14th November - 01:30pm – 02:30pm*
  Click here to find out more: http://www.psychologyweek.com.au/EventView.aspx?ID=2129

• **Local Events**: There are several other events happening locally in your State. Have a look at the *full list of events happening near you* during NPW by clicking the link below:
  http://www.psychologyweek.com.au/find_event/

Discussions through Social Media

During NPW, we will also have active discussions on social media through Twitter, LinkedIn and Facebook. Psychologists will be sharing lots of interesting tips, research highlights and insightful thoughts about how individuals and organisations can promote wellbeing in the workplace. Join the conversation online and share the messages with your networks!

• *Twitter users can join the conversation by using the #PsychologyWeek*

Organisational Psychologists in the Media

Over the week you will find several media interviews of prominent organisational psychologists in the field. Make sure to keep your eyes open for these!