

Make innovation work by overcoming the ingroup-outgroup bias

By Thomas Menkhoff

IMAGINE this: you have a great idea to make innovation work in your organisation, but nobody listens. While there could be many reasons why this is the case – such as the lack of a formal ideation management framework or your personal inability to get the attention of key decision-makers – let us look at this challenge from the perspective of a particular leadership concept, the so-called Leader-Member Exchange (LMX) theory.

LMX puts emphasis on the interaction process and dyadic relationship between leaders and followers. First conceived by US academics Fred Dansereau, George Bear Graen and William J. Haga, it draws attention on the existence of in-groups and out-groups within organisations and how that may affect organisational outcomes related to performance, job climate, organisational citizenship behaviour or innovation.

While members of in-groups are often regarded as "good" organisational citizens who are doing more than their job specs require, out-group members engage in business as usual as stipulated by their job contracts. They get less attention from their leaders and, over time, often turn out to be less engaged.

Becoming part of the in-group is based to some extent on the quality of the relationship between boss and subordinate. Supporting a leader through mission-critical project works, for example, can be instrumental in becoming part of the leader's "inner circle". If the quality is high, in-group members may benefit in terms of favourable performance evaluations or faster career progress, which in turn might lead to greater organisational commitment.

LMX research posits that in-group members receive more information and concern from their leaders, which correlates with greater involvement and extra-role taking. As time progresses and roles become more formalised, a supportive staff member may advance into a powerful position. The flipside is that subordinates in the out-group may feel less recognised. They receive less attention from the boss due to the comparatively low quality of their relationship.

While "negotiating" with the leader may help to make an individual part of the (seemingly more privileged) in-group, in reality, the pathway towards a high-quality leader-member exchange might be blocked for those categorised as out-group members due to insufficient opportunities to interact with the boss, or simply because the leader does not know how to manage the "leadership making process". The number of bosses who really make time to get to know employees and to create a deeper relationship beyond town hall events or routine staff meetings is still rather small, despite decades of leadership development research and training. The peak of the leadership making process is a "mature" partnership phase characterised by a high degree of mutual trust and respect, and responsibility that transcends traditional hierarchy.

While LMX is a rather "old" theory with some inconsistencies (such as its measurement validity), the core concept does provide valuable insights into "good" leadership principles, such as the need to be more responsive to followers' requests for participation or the importance of being mindful in allocating newly created, interesting job opportunities to the "right" candidate(s), regardless of any potential ingroup-outgroup bias.

SIX BUILDING BLOCKS

The conceptual heritage of LMX is visible in more recent, both prescriptive and diagnostic innovation management frameworks such as the innovation assessment tool "How Innovative Is Your Company's Culture?" by Jay Rao and Joseph Weintraub.

Relevant items of the building block "Leadership Behaviour" (one of six building blocks of a robust innovation culture) include "Our leaders inspire us with a vision for the future and articulation of opportunities for the organisation", "Our leaders model the right innovation behaviours for others to follow" or "Our leaders provide support to project team members during both successes and failures".

Innovation leaders are well advised to "energise", "engage" and "enable" followers in order to make the organisation more innovative and to avoid what innovation expert Scott Anthony has termed "innovation inbreeding". This can happen when innovation efforts are consistently led by the same group of people.

Research has shown that major inventions often occur in the "wrong place", for example, by people in out-groups. To avoid innovation inbreeding, leaders can bring in external ideas in order to innovate the firm's business model, imitate co-creation of new products and services together with customers or establish internal innovation jams to leverage on diverse talent pools. Related management instruments are so-called skunkworks project teams led independently of normal research and development operations.

So what could you do if you belong to an out-group in your organisation with little or no influence on innovation matters? Don't accept the ingroup-outgroup dichotomy as a given. Attempt to change it.

Arrange for your own personal "meet-the-boss session" and voice your concerns and innovative ideas. Take the initiative and open up so that the boss can learn more about you (personality compatibilities have been identified as potential drivers of a high-quality dyad relationship between a leader and follower) and vice-versa.

Just like subordinates, bosses also need cooperation, reliability and honesty. Try to figure out what may impede or facilitate effective communication, and act on that insight. By taking responsibility for improving the relationship between leader and follower, problems can be removed so that both parties can play a more constructive role in making innovation work.

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