BINDURA UNIVERSITY OF SCIENCE EDUCATION FACULTY OF COMMERCE

GRADUATE SCHOOL OF BUSINESS

MASTER OF BUSINESS LEADERSHIP

CORPORATE ENTREPRENEURSHIP AND INNOVATION (MBL 530)

EXAMINATION PAPER

DURATION: 3 HOURS 30 MINUTES.

OCT 2024

INSTRUCTIONS AND INFORMATION TO CANDIDATES

1. **Section A is compulsory and carries 40 marks.**
2. **Answer Question One from Section A and any three (3) questions from section B**
3. **The paper carries six questions**
4. **All questions in section B carry equal marks of 20 each**
5. **The use of cell phones is not allowed in the exam**

29.9.24
NA To be renamed

SECTION A: COMPULSORY

QUESTION 1

CASE STUDY: WHY TERRITORIAL MANAGERS STIFLE INNOVATION: WHAT TO DO ABOUT IT

Managers who feel insecure about their status tend not to encourage novel ideas from their employees. Fostering their identification with the organization can change this behaviour.

Dilip has been working hard on a game-changing idea for a new product. But when he excitedly approaches his boss to share it and get approval for further development and testing, his proposal is quickly rejected. Instead of offering constructive feedback on how to make the idea workable, his boss vaguely refers to a lack of budget and discourages Dilip from pursuing any further ideas. Sound familiar? Sadly, such scenarios are all too common in many organizations.

Employee creativity and innovation are critical to the success of organizations today. However, when employees do generate novel ideas, they often fail to receive encouragement or see their ideas materialize. Managers are a significant contributor to this phenomenon; even when they profess to value creativity, they routinely reject innovative ideas proposed by employees, preventing their implementation. Why do managers say no to ideas that could benefit their companies and even themselves?

Researchers have so far focused on personality factors, managers' economic mindsets, or managers' general aversion to uncertainty as explanations for this stifling of employee ideas. For example, one study has suggested that because managers are always focused on the financial consequences of their decisions, they reject novel ideas whose financial outcomes cannot be reliably forecast. However, as we discuss in the organization Science, there are deeper reasons for such rejection, rooted in managers' self-interests, underlying fears, and insecurities.

Managers have typically ascended to their positions by honing their expertise and finding success within specific task domains. They may have pioneered successful new ideas that have contributed to their professional reputations. As a result, it is natural for them to feel a sense of ownership and attachment to these domains, viewing them as their own territories. Being identified with a domain — whether a field of expertise or an area of responsibility — is crucial within organizations, as it grants the individual credible access to resources, decision-making authority, and the final say in domain-related conflicts.

However, this strong attachment to one's domain can manifest in territorial behavior as well. When subordinates propose ideas for new products or processes that can disrupt the status quo, it can trigger feelings of insecurity among managers who fear losing control or being overshadowed by their subordinates. This can prompt defensive territorial actions aimed at safeguarding what they perceive as rightfully theirs.

However, not all managers respond defensively with a "This is my turf — hands off!" attitude. Our research indicates that it is middle managers with low informal social status at work who are particularly susceptible to such insecurities. These are managers who are largely not well respected or held in high regard by their peers (typically measured by asking peers to rate the extent of respect and admiration they feel toward other managers). This underscores the importance of recognizing how these middle managers perceive their status in the workplace, given that our research suggests that there are significant implications and benefits associated with understanding their experiences.

A manager requires both formal authority and informal influence within an organization to effect change. Formal authority is bestowed by their title and their place in the organizational chart, which grants them the power to make decisions in a particular domain, such as how to allocate resources, define roles, and delegate tasks to team members. However, unless they also have informal influence accorded to them by their social status, they will find it difficult to effect change at a wider organizational level. Social status within the organization is defined by how people are perceived and how much they are respected and admired by their peers. Factors such as their performance, prosocial behavior, and the visibility of their successes or failures can affect their standing, as can factors that are outside their control, such as organizational culture, politics, discrimination, and bias.

Regardless of the reasons, because status serves as a marker of one's social worth in the workplace, it profoundly affects individuals' self-esteem, shapes their perception of workplace dynamics, and influences their interactions with others. Since managers with lower levels of social status or respect from their peers become highly sensitive to perceived encroachments into what they consider their territory, they become apprehensive about their employees' innovative ideas potentially infringing upon their domain. This apprehension prompts territorial behaviour, as managers withhold support and resources to prevent the advancement of these ideas.

Managers who have lower levels of social status or respect from their peers become highly sensitive to perceived encroachments into what they consider their territory.

We tested our hypothesis in a series of three experimental studies and one field-based study. In our field study, we recruited work groups of engineers, programmers, and developers from four technology companies in China. First, we asked employees in these organizations to come up with a detailed work-related idea for a new service or product. Each of these ideas was anonymized and given to subject-matter experts, who assessed their novelty. We then provided each idea to 131 managers of the respective teams and asked them to report their own levels of territoriality as well as their willingness to sponsor and endorse ideas. Before this, managers had all rated their peers on their status within their organization.

The results of this study showed that lower-status managers were especially less likely to endorse an employee's idea when it was really novel (as rated by the subject-matter experts). We replicated these findings using different experimental designs that helped in establishing causality — that it is a manager's low status that leads to their territoriality and lower endorsement of novel ideas.

These results indicate that it is important for companies to recognize that how managers feel treated by their peers can have important repercussions on their everyday decisions as key influencers and gatekeepers within the organization's innovation ecosystem. When they feel appreciated and empowered by their peers, they are more inclined to adopt an open and inclusive leadership style that encourages experimentation, risk-taking, and the exploration of new ideas. This, in turn, creates a safe space for employees to voice their innovative ideas with the hope that they will be seriously considered and potentially implemented. On the other hand, if managers experience feelings of exclusion, disrespect, or hostility from their peers, it can lead to insecurity and heightened feelings of threat. This negative dynamic can stifle collaboration, impede knowledge sharing, and discourage employees from contributing their creative insights, thereby inhibiting innovation across the organization.

By acknowledging the importance of how managers feel treated by their peers, organizations can take proactive steps to foster a supportive and collaborative peer environment. This may include implementing training programs to enhance interpersonal skills, promoting a culture of mutual respect and appreciation, and providing resources and support to help managers navigate challenging interpersonal dynamics.

Successful innovation often stems not from solitary geniuses experiencing breakthrough moments but rather from a social process involving collaboration among employees, colleagues, and managers. Middle managers, in particular, play a crucial role as enablers of innovation by identifying promising ideas from employees and offering support for their development. However, many middle managers struggle to transition from viewing themselves primarily as idea generators and innovators to embracing their role as a facilitator of their employees' creative efforts. This might be because they have advanced in their careers by demonstrating their own innovative thinking and problem-solving abilities.

Traditional leadership paradigms have long emphasized individual achievement and innovation, leading middle managers to believe that their value and identity are linked to their ability to generate groundbreaking ideas. This belief is often reinforced by performance metrics and evaluation criteria that prioritize individual contributions over facilitative leadership. Additionally, they may worry that adopting a facilitative role could be perceived as a sign of weakness or incompetence, especially in an environment where individual achievements are highly prized.

A senior manager in a company that one of us consulted with said, "Being a manager used to be about conquering goals myself, closing deals, that kind of thing. Now, it's all about supporting my team. Don't get me wrong; seeing them succeed is incredibly rewarding. But there's a part of me that misses the thrill of that personal win and sense of individual accomplishment. I almost feel I am not viewed as capable of that anymore." Addressing these factors requires a concerted effort from organizational leaders to redefine expectations, provide appropriate training and support, and create a culture that values and rewards collaborative innovation. But taking such steps can encourage managers who feel vulnerable due to their lower status among peers to see the value of promoting their employees' innovations.

Organizations should prioritize rewarding managers for supporting employees' creative ideas, because fostering a culture of innovation requires more than just individual brilliance — it demands effective leadership that nurtures and empowers the creativity of others. When managers actively support and champion the creative ideas of their team members, it cultivates a collaborative and inclusive environment in which diverse perspectives are valued and innovative solutions flourish. By incentivizing managers to prioritize the development and implementation of their employees' ideas, companies not only encourage a more sustainable approach to innovation but also foster stronger bonds between managers and their teams. This can lead to increased engagement, retention, and, ultimately, organizational success.

Importantly, by shifting the focus away from individual achievement to supporting employee creativity, organizations can alleviate managers' insecurities about being overtaken by their subordinates. When managers are encouraged to act as mentors, facilitators, and champions of their team members' ideas, they are more likely to see their role as empowering others rather than competing with them. This not only reduces the fear of being overshadowed but also fosters a sense of pride and fulfilment in seeing their team members succeed and contribute meaningfully to the organization's goals. Furthermore, recognizing and rewarding managers for their support of employee creativity sends a powerful message that the organization values teamwork and recognizes the importance of cultivating talent from within.

Finally, organizations should help managers understand how their actions contribute to the business's broader goals and facilitate their identification with the company. Managers who have this understanding and identification are empowered to overcome territorial tendencies and prioritize the collective good over individual concerns, becoming more supportive of employee innovation in the process.

In our studies, we found exactly this: Insecure managers who were encouraged to think about their attachment to the broader organization and its goals significantly reduced their territorial behavior. In a lab experiment, we assigned 330 participants to play the role of a team leader in a simulated scenario where we manipulated their social status. We primed their organizational identification by asking them to reflect on how it feels to be closely identified (or not) with their company and showed them alleged responses from other participants that reinforced their reflections. Finally, participants were asked to rate their willingness to sponsor and implement a novel product idea proposed by an employee on their team. The results showed that for those participants who reflected on being highly identified with the company, the impact of having low status on the endorsement of novel ideas was diminished.

Taking steps to improve organizational identification will not only facilitate greater cooperation and teamwork but also encourage a more inclusive culture in which diverse perspectives and innovative ideas are valued and supported. Moreover, when managers transcend their self-interests and prioritize the success of the organization, they set a positive example for their teams and contribute to a culture of mutual trust, respect, and collaboration.

Organizations can further enhance managers' attachment by providing opportunities for professional development and growth that are aligned with the business's strategic objectives. Recognizing and rewarding managers who demonstrate a commitment to the organization's goals also reinforces their attachment and encourages a culture that values collective achievement.

The phenomenon of territorial managers stifling innovation within their companies is a pervasive challenge that requires careful examination and targeted interventions. Our research sheds light on the underlying dynamics driving this behavior, revealing how managers' low social status can lead to defensive territorial actions that hinder the implementation of novel ideas. By recognizing the importance of managers' social status and fostering a supportive peer environment, companies can empower managers to embrace a facilitative leadership role, thereby nurturing a culture of collaborative innovation. Furthermore, by emphasizing the broader organizational goals and facilitating managers' identification with the organization, employers can promote a mindset shift from individual achievement to collective success.

Ultimately, addressing the challenges posed by territorial managers requires a multifaceted approach that prioritizes collaboration, inclusivity, and organizational attachment.

Source: Adapted from, Venkataramani, (2023), MIT SMR

Required:

a) Why do managers stifle innovation in old companies? **(10 marks)**

b) Why do managers need both formal and informal authority in order to enforce successful change for innovative companies? **(10 marks)**

c) How can companies promote and support innovative efforts? **(10 marks)**

d) Why is it important to improve the company's identity in order to support innovation? **(10 marks)**

[Total 40 marks]

SECTION B: ***(Answer any three [3] questions from this section)***

QUESTION 2

Explore the main barriers to corporate entrepreneurship and innovation in Zimbabwe.

[20 marks]

QUESTION 3

Examine how a company can implement corporate entrepreneurship and innovation in your industry set-up. **[20 marks]**

QUESTION 4

Explore the criteria to be used during the innovation valuation stage. **[20 marks]**

QUESTION 5

Examine the importance of creativity and innovation for the development of corporate entrepreneurship in Zimbabwe. **[20 marks]**

QUESTION 6

Explore the sources of innovative ideas in businesses in businesses. **[20 marks]**

<u>END OF EXAMINATION PAPER</u>