

The Secret Ingredient of Innovation, Trust me!

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As a leader or entrepreneur, you want your employees to be innovative. In today's fast-paced world, the necessity for continuous innovation is crystal clear to the entire business community. Across industries, CEOs launch innovation initiatives to increase organizational performance and secure their company's long-term survival. Such programs often pay forward the company's trust and provide employees the freedom to explore ideas during work hours. But is freedom enough to innovate?

Put yourself in the shoes of an employee. Depending on context and position, bringing up innovative ideas can make you **feel extremely vulnerable**. Imagine, you just heard of a new AI application that renders most of your job obsolete. Would you pitch that innovation to your boss, fully aware that it might cost you your job? Fear of job loss is an extreme example of employee vulnerability. There are other, more subtle forms of vulnerability, such as the feeling of being judged by others, the feeling of rejection, or the fear of conflict. To overcome these fears requires a **willingness to be vulnerable**. And this "willingness to be vulnerable" is commonly known as the concept of trust. So put simply, voicing **innovation requires trust**.

My research team and I are determined to better understand how trust is built in organizations and how it influences innovative behavior. We interviewed five managers and their respective employees in a family firm with approx. 450 employees and our data confirmed that idea generation is easier when employees trust their manager.

"Trust also gives you the support that you need to, and some freedom, to get on and maybe look at some innovative ways to do things or look at it outside the box."

In other words, if you as a leader want your team to innovate, you first need to build trust within, between, and among your teams. Employees are only willing to be vulnerable when they know they are in good hands.

So, how do you build trust?

We found different trust-building activities in our first study. Universal and well-known examples of trust-building behaviors are the demonstration of ability, benevolence, and integrity (known as the concept of trustworthiness), or proactive communication. However, there is more you can do as a leader or entrepreneur:

1. Be a **servant leader**. As a servant leader, you put the needs of your employees first and you support and emphasize their growth and personal development. Importantly, as a servant leader the career success of your employees is at the forefront of your thinking. This allows your employees to think, act, and innovate freely, because it liberates them from fearing potentially career-terminating consequences. For employees to trust you, they need to feel your benevolence and support, no matter what.
2. Foster a **stewardship climate**. A stewardship climate is defined by high levels of intrinsic motivation, organizational identification, collectivism, and involvement orientation. Managers in this climate rely on their personal power, rather than their institutional

authority and power distance in these climates are low. In other words, be approachable and open to conversations, irrespective of ranks and hierarchy. Employees feel like valued members of a greater collective and they see the company as an extension of themselves. If you can create a stewardship climate, employees know they are in a safe environment and are therefore concerned about the company's vulnerability, not their own.

These relationships have been documented before. However, what we found is that under these conditions, you as a manager can tap into the **trust-building potential of control mechanisms**. Most people intuitively understand that trust and control are somehow related and often shy away from using too much control. Some argue that trust and control exclude each other; either you have trust, or you control. However, our findings indicate that, **under the right conditions, trust and control are complements** that reinforce each other:

3. Use **control mechanisms**. Control mechanisms can elevate your employees' trust levels, if applied by a servant leader and in a stewardship climate. In these circumstances, control mechanisms create common ground rules, accountability, and ultimately team trust. Employees feel that control mechanisms, such as input, action, and output controls, help them focus and hone their skills.

In sum, to have an innovative team, relying on innovation initiatives and allowing freedom and free time might not be enough. If you want your team to embrace their own vulnerability and innovate carefree, educating your managers on servant leadership and fostering a stewardship climate are important. Only in this **trusting-building environment**, one can tap into the full potential of control mechanisms. Done right, these can offer clear direction and free employees' minds to unleash their creativity where it really matters.

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This research was supported by an Australian Government Research Training Program Scholarship.